



State of California
Employment Training Panel

Training Proposal for:
KRM Risk Management Services, Inc.

Agreement Type: Small Business

Agreement Number: ET09-0290

Panel Meeting of: **October 17, 2008**

ETP Regional Office: **Sacramento**

Analyst: K. Muraki

CONTRACTOR:

- Type of Industry: Finance and Insurance:
Priority Industry: ☐ Yes ☒ No
- Contractor's # of Full-Time Employees
 - California: 63
 - Worldwide: 63
 - Number to be trained: 56
- Turnover Rate: 12%
- Repeat Contractor: ☐ Yes ☒ No

CONTRACT:

- Training Project Profile: SET/HUA/Retrainee
- ETP Funding Amount: \$61,600
- In Kind Contribution: \$85,000
- Average Cost per Trainee: \$1,100
- Post Retention Wage: \$12.85
- Health Benefits: \$3.85 per hour
- Occupations to be Trained: Underwriters; Administrative Staff; Audit Technician
- Training Menu:
 - ☒ Business skills ☐ Literacy skills
 - ☒ Commercial skills ☐ Management skills
 - ☒ Computer skills ☐ Manufacturing skills
 - ☒ Cont. Improvement ☐ Other:
- Range of Hours: 8 - 60 Weighted Average: 50
- Multiple Job Numbers: ☐ Yes ☒ No

- County(ies) Served: Fresno
- Union Representation: ☐ Yes ☒ No
- Subcontractor: To Be Determined
- Third Party Services: Strategic Business Solutions LLC, Exeter, for a fee of \$3,500.

INTRODUCTION

KRM Risk Management Services, Inc. (KRM) is a privately owned corporation providing underwriting, marketing, and policy administration for insurance programs. Established in 1993, KRM has developed from rental captive administration program to currently acting in the capacity of Program Administrator and General Agent for several insurance companies and has responsibility for underwriting/pricing, marketing/sales, and policy issuance for its clients.

ETP funding is needed to train KRM employees to implement efficient workflow processes, to increase efficiency, and deploy a new software conversion system in an effort to go "paperless". Documents will be scanned into a secure system, electronically and securely stored, and/or transmitted. This electronic upgrade, as well as the efficiency improvements, will allow KRM to become a high performance workplace in a fast growing segment of the Insurance industry.

ETP funding is necessary for this small business to move forward with this conversion. The total cost of the computer program and the related training involved with process improvement and waste elimination will be over \$200,000. Without ETP funding it would be unfeasible for KRM to attempt this extensive training. ETP funding will allow this company to re-tool itself over the next two years, resulting in a stronger entity with a competitive edge to compete in the marketplace.

Wage Modification

KRM is requesting a modification below the SET Frontline wage for training at its facility in Fresno, which is in a High Unemployment Area (HUA). KRM is requesting \$12.85 per hour as a minimum wage in accordance with Title 22, California Code of Regulations, Section 4429(c). This is the ETP minimum wage for Fresno County. In other words, the company is asking for a wage modification below the statewide average hourly, but not as low as allowed under HUA. (The HUA wage for that county is \$9.64 per hour).

RECOMMENDATION

For the reasons set forth above, staff recommends approval of this proposal, including the wage modification.